

IDAHO DEPARTMENT OF LANDS



Bond Requirements

Performance and payment bonds may be in one of the following forms:

1. Surety Bond - Only bonds executed on the department form will be accepted. An agent licensed in the state of Idaho must countersign the bond form if the insurer is from out of state unless the state has reciprocity with Idaho.
2. Letter of Credit – A letter of credit shall be irrevocable, issued by institutions or through a correspondent bank authorized to do business in Idaho, and the account party on the letter of credit must be identical to the Purchaser. Only letters of credit using the department format and exact wording are acceptable. The financial institution may elect to type it on their letterhead.
3. Certificate of Deposit (Standard style with a negotiable document) – Made payable to: "the Purchaser or the Treasurer, State of Idaho" (e.g. "*Smith Logging or Treasurer, State of Idaho*"). Only CD's using the department format and exact wording are acceptable. All certificates of deposit must be automatically renewable. The treasurer's office will hold this certificate for the life of the sale. To ensure that funds are not released without the State's permission, the bank or other financial institution will complete a "Pledged Security Letter" provided by the State. The Pledged Security Letter will be prepared by the Bureau for both timber and salvage sales. If a Purchaser wishes to submit a certificate of deposit which is not in the Purchaser's name, then a collateral bond form will be executed documenting that the certificate of deposit is tied to the specific sale.
4. Time Deposits & Non-Standard Certificate of Deposit Accounts (no negotiable document produced) - Financial institutions are frequently developing new savings plans using time deposits (TDs) and certificates of deposit (CDs). There appears to be no standard format for these transactions. They vary from bank to bank and state to state. Often, no formal and negotiable document (CD) is produced, only a receipt. In such cases, the TD or CD will not be acceptable to the State unless it can meet the following criteria:
 - The Purchaser has no access to the funds while they are posted as a bond to the State. The State must formally release its interest in the funds before any party, except the State, may access them. To ensure this requirement is met, the bank or financial institution must complete a "Pledged Security Letter" provided by the Bureau. Interest on the account will accrue to the Purchaser or to the owner of the account, not to the State.
 - The State can make "a draw" on the account at any time without hindrance from the financial institution and without concurrence of the Purchaser. Generally, the State will require that a withdrawal can be made at any Idaho branch of the bank in question, or a bank address within the state of Idaho.
 - All TDs or CDs must be automatically renewable.If a Purchaser wishes to submit a TD or CD which is not in the Purchaser's name, then a collateral bond form will be executed documenting that the instrument is tied to the specific sale (Appendix O-7). Items 1 - 3 above also apply.
5. Cash (a collateral bond form must be executed if a check is submitted from someone other than the Purchaser).